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Financial situation of UNIDO

Financial situation of UNIDO

Report by the Director General

The present document provides information on the financial situation of the Organization as at 31 March 2018.

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I. Overview

1. The financial situation as at 31 March 2018 can be summarized in the following major points:

(a) The regular budget gross expenditure spending rate of 24.8 per cent is a slightly lower level than that of the same period in the previous biennium of 26.5 per cent;

(b) The operational budget expenditures amounted to €4.1 million in the reporting period;

(c) The expenditure level for buildings management amounted to €13.5 million in accordance with the prevailing workplan;

(d) The collection rate of 2018 assessed contributions as at 31 March 2018 was 30.3 per cent, compared to the 2017 and 2016 rates of 26.1 and 32.6 per cent, respectively;

(e) The collection rate of prior years' arrears, as compared to the current year's assessments, was 4.1 per cent. The rate as at 31 March 2017 and 2016, as compared to the assessments of those years, was 7.2 and 1.8 per cent, respectively;

(f) Outstanding assessed contributions amounted to €135.5 million, as shown in the annex to the present document (including arrears of €69.1 million by the United States of America, and €2.1 million by the former Yugoslavia). The outstanding amounts as at 31 March 2017 and 2016 were €136.6 million and €148.8 million, respectively;

(g) The Working Capital Fund was at the level of €7,423,030. However, an amount of €388,620 was outstanding as at 31 March 2018;

(h) A conference room paper (PBC.34/CRP.4) will be provided on the status of assessed contributions and voting rights, updated to 7 May 2018.

II. Regular and operational budgets, 2018–2019

A. Regular budget

2. The implementation of the biennial regular budget started with the establishment of an initial release threshold by budget line and/or major object of expenditure to facilitate sufficient funding at the beginning of the biennium and to facilitate activities for each required budget category.

3. Therefore, allotments of €61.0 million were issued at the onset of the biennium. The initial release consisted of €42.5 million for staff costs and €18.5 million for all other expenditure categories.

4. As at 31 March 2018, regular budget expenditures totalled €17.0 million which represents 24.8 per cent of the gross expenditure budget for 2018. These figures are slightly lower than those of the previous biennium, where, as at 31 March 2016, regular budget expenditures amounted to €18.1 million with a 26.5 per cent utilization rate of the gross expenditure budget.

B. Operational budget

5. Allotments of €17.1 million were issued at the beginning of 2018, representing 93.2 per cent of the approved operational budget estimates.

6. As at 31 March 2018, operational budget expenditures amounted to €4.1, which is slightly higher than those for the similar reporting period in the previous biennium, which amounted to €3.8 million.

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7. Technical cooperation activities in the first quarter of 2018 reached the level of $72.2 million, including commitments. Income from support costs amounted to €5.8 million as at 31 March 2018.

C. Buildings management

8. Allotments of €24.4 million were issued for 2018 at the start of the biennium. The buildings management budget is being implemented in accordance with the prevailing workplan.

9. Expenditures as at 31 March 2018 amounted to €13.5, which is almost equal to the €13.4 million spent in the same period in the previous biennium. This expenditure represents 48.6 per cent of the buildings management gross expenditure biennial budget and compares well with the 49.4 per cent spent in the same period in the previous biennium.

III. Prioritizations and efficiencies identified to offset financial impact on member states.

10. The UNIDO Programme and Budgets for 2018–2019 included a 0.772 per cent average rate of net cost increases per annum. This rate is overly conservative, particularly given that the inflation rate for 2018, as reported by the Austrian Institute for Economic Research, is projected at 1.9 per cent per annum. Further, the average inflation rates for 2018 in the emerging markets and developing economies, where UNIDO operates, is projected at 4.4 per cent per annum.

11. However, in accordance with General Conference decision GC.17/Dec.18, paragraph (f), the following section provides a list of priority areas for the efficiencies to be identified and/or implemented with the goal of offsetting the financial impact on Member States of recosting and new expenditure proposals in the budget for 2018–2019:

(a) Management review of the utilization of scarce regular and operational budget resources, to ensure their efficient and innovative utilization through the building of stronger synergies between Headquarters and field locations, including improvements in internal coordination;

(b) Management pursuit of reductions in the overall travel expenditures, inter alia, through concerted efforts aimed at the use of information and communications technology instead of physical travel, wherever possible;

(c) Full implementation of the provisions of the Programme Support Cost Recovery Policy (DGB/2016/14 of 23 December 2016) in the preparation and implementation of projects, to guarantee that programme costs is approaching full cost recovery, which would eliminate any prospective subsidization from the regular budget.

IV. Assessed contributions

A. Collections

12. A total of 41 Member States, including 11 least developed countries (LDCs), made full payments. 51 Member States, seven of which are LDCs, made partial payments and/or their adjustments were credited towards their assessed contributions

for the year 2018. The collections in the period from January to March 2018, broken down by List of States, are shown in table 1.

Table 1
Collections, January to March 2018
(In millions of euros)

*List of States**	*Current year*	*Prior years*	*Total*
A	1.77	0.56	2.33
B	13.06	0.00	13.06
C	0.26	2.16	2.42
D	5.60	0.06	5.66
Others	0.00	0.00	0.00
United States of America	0.00	0.00	0.00
Yugoslavia (former)	0.00	0.00	0.00
Total	**20.69**	**2.78**	**23.47**

* As contained in document PBC.34/9

B. Outstanding contributions

13. The detailed status of assessed contributions outstanding as at 31 March 2018 is contained in the annex to the present document. The scale of assessments and outstanding contributions as of the same period, broken down by List of States, are shown in table 2.

Table 2
Scale of assessments and outstanding contributions as at 31 March 2018

		Millions of euros		
*List of States**	*Scale of assessments (%)*	*Current year*	*Prior years*	*Total*
A	28.486	17.70	3.32	21.02
B	48.978	20.42	0.00	20.42
C	13.473	8.95	11.38	20.33
D	9.062	0.59	1.99	2.58
Others	0.001	0.00	0.00	0.00
Subtotal	**100.000**	**47.66**	**16.69**	**64.35**
United States of America		0.00	69.07	69.07
Yugoslavia (former)		0.00	2.08	2.08
Total	**100.000**	**47.66**	**87.84**	**135.50**

* As contained in document PBC.34/9

V. Voting rights

14. As indicated in the annex to the present document, the voting rights of 43 Member States had been suspended as at 31 March 2018, in accordance with Article 5.2 of the Constitution and financial regulation 5.5 (b). In comparison, the voting rights of 45 countries had been suspended at the same time last year. The status of voting rights in respect of the various policymaking organs is shown in table 3.

Table 3
Suspension of voting rights, as at 31 March 2018

	Number of members		
Members of	*2018*	*2017*	*2016*
General Conference	43	45	48
Industrial Development Board	1	1	3
Programme and Budget Committee	1	0	1

15. In order to restore their voting rights for 2018, these Member States must pay their full contributions for 2015 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2016. The minimum total amount that would have to be paid by these Member States is €6,530,290.

VI. Multi-year payment plans

16. Table 4 shows, in summary form, the current status of those Member States that have entered into payment plan arrangements to settle outstanding assessed contributions. The Secretariat notes with appreciation and recognizes the considerable efforts made by all those Member States that have honoured their commitments and obligations as stipulated in their respective payment plans. Other Member States in arrears are encouraged to consider submitting payment plans to steadily reduce their outstanding assessed contributions. Recently, a new payment plan was signed for five years with the Bolivarian Republic of Venezuela. The agreement will enter into force as soon as the first instalment is received from the Government.

Table 4
Payment plans — status as at 31 March 2018
(Amounts in euros)

Member State	*Total amount of arrears covered by the plan**	*Outstanding amounts 31/3/18*	*Amounts received due in 2018*	*Duration years*	*Instalment due in 2018 (month)*	*Instalment due*	*Payment made in 2018*
Armenia	922,604	340,340	56,858	10	September	Third	Received
Costa Rica	280,742	110,254	81,388	10	September	Eighth	Scheduled
Kyrgyzstan	385,087	230,374	47,750	5	July	Second	Received
Total	**1,203,346**	**691,228**	**185,996**				

* Total amount of arrears at time of signing the plan

VII. Arrears by former Member States

17. The amount of arrears owed to UNIDO by the United States of America is €69,068,887 (1994–1996), while the arrears of the former Yugoslavia amount to €2,081,599 (1990–2001). Payment of these arrears is being pursued by the Secretariat.

VIII. Unutilized balances of appropriations as at 31 December 2017

18. From the total distributable amount of €16,342,346 million, €6,622,874 became available for various purposes, as presented in the table below. Altogether 20 Member States voluntarily renounced their share of the unutilized balances.

Member State	*Amount renounced*	*Purpose*
Bosnia and Herzegovina	2,539	Special account for core activities
China	821,370	MOFCOM of the IDF account
Finland	133,185	Gender
Germany	1,856,516	Major Capital Investment Fund
Israel	101,018	To be determined
Italy	1,184,271	Special contribution to IDF
Japan	Up to 1,000,000	To be determined
Kuwait	54,368	Cooperation between Kuwait and UNIDO
Malta	3,906	Partnership Trust Fund
Mauritius	2,827	Special contribution to IDF
Monaco	1,425	Special account for core activities
Mongolia	434	Special account for core activities
Peru	23,762	Partnership Trust Fund
Poland	168,747	Technical cooperation programmes to be selected later
Republic of Korea	499,112	Special contribution to IDF
Russian Federation	407,885	Russia's Industrial Development Fund account
Slovenia	23,239	Special contribution to IDF
Sri Lanka	4,805	Special account for core activities
Switzerland	140,251	Special account for core activities
Switzerland	140,251	Major Capital Investment Fund
Thailand	52,963	Thailand's' Industrial Development Fund account
Total	**6,622,874**	

IX. Action required of the Committee

19. The Committee may wish to consider recommending to the Board the adoption of the following draft decision:

"The Industrial Development Board:

(a) Takes note of the information contained in document IDB.46/4-PBC.34/4;

(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to do so without delay;

(c) Requests the Director General to pursue his efforts and contacts with Member States and former Member States to effect the collection of arrears."

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Annex

Status of assessed contributions to the regular budget

(In euros)

Status as at 31 March 2018

Member State	*Outstanding assessed contributions*	*WCF due*	*Total due*	*Years outstanding (since)*	*Voting rights[a]*	*Minimum payment to gain voting rights*
Afghanistan	11,036	0	11,036	2017P	Yes	0
Albania	0	0	0	-	Yes	0
Algeria	160,116	0	160,116	2018P	Yes	0
Angola	0	0	0	-	Yes	0
Argentina	944,455	0	944,455	2018P	Yes	0
Armenia	340,340	0	340,340	1995P	Yes	Payment Plan
Austria	0	0	0	-	Yes	0
Azerbaijan	66,276	0	66,276	2018P	Yes	0
Bahamas	27,600	0	27,600	2017P	Yes	0
Bahrain	41,925	0	41,925	2018P	Yes	0
Bangladesh	5,203	0	5,203	2018P	Yes	0
Barbados	5,980	0	5,980	2018P	Yes	0
Belarus	54,176	0	54,176	2018P	Yes	0
Belize	3,409	0	3,409	2013P	No	1,520
Benin	0	0	0	-	Yes	0
Bhutan	0	0	0	-	Yes	0
Bolivia (Plurinational State of)	52,228	0	52,228	2014P	No	18,250
Bosnia and Herzegovina	14,592	0	14,592	2018P	Yes	0
Botswana	0	0	0	-	Yes	0
Brazil	10,300,411	0	10,300,411	2016P	Yes	0
Bulgaria	0	0	0	-	Yes	0
Burkina Faso	11,263	0	11,263	2016P	Yes	0
Burundi	50,164	0	50,164	1995P	No	47,270
Cabo Verde	1,344	0	1,344	2017P	Yes	0
Cambodia	4,209	0	4,209	2018P	Yes	0
Cameroon	47,599	0	47,599	2015P	No	8,850
Central African Republic	122,404	7	122,411	1989	No	120,520
Chad	118,682	520	119,202	1991	No	109,800
Chile	403,257	0	403,257	2018P	Yes	0
China	9,034,637	341,830	9,376,467	2018	Yes	0
Colombia	625,084	0	625,084	2017P	Yes	0
Comoros	145,583	7	145,590	1986	No	143,700
Congo	33,672	54	33,726	2012P	No	16,130
Costa Rica	110,254	0	110,254	2016P	Yes	Payment plan
Côte d'Ivoire	7,572	0	7,572	2018P	Yes	0
Croatia	89,541	0	89,541	2018P	Yes	0
Cuba	57,972	0	57,972	2018P	Yes	0
Cyprus	0	0	0	-	Yes	0
Czechia	0	0	0	-	Yes	0
Democratic People's Republic of Korea	3,366	0	3,366	2018P	Yes	0
Democratic Republic of the Congo	176,196	445	176,641	1989P	No	163,140
Djibouti	0	0	0	-	Yes	0
Dominica	9,537	0	9,537	2006P	No	7,490
Dominican Republic	859,406	149	859,555	1989P	No	704,770
Ecuador	71,487	0	71,487	2018P	Yes	0

Member State	*Outstanding assessed contributions*	*WCF due*	*Total due*	*Years outstanding (since)*	*Voting rights[a]*	*Minimum payment to gain voting rights*
Egypt	147,621	0	147,621	2018P	Yes	0
El Salvador	477,055	1,554	478,609	1988	No	426,210
Equatorial Guinea	49,424	0	49,424	2011P	Yes	29,100
Eritrea	0	0	0	-	Yes	0
Ethiopia	12,309	0	12,309	2017P	Yes	0
Fiji	0	0	0	-	Yes	0
Finland	0	0	0	-	Yes	0
Gabon	72,654	0	72,654	2015P	No	8,650
Gambia (The)	69,354	0	69,354	1994P	No	67,460
Georgia	1,665,014	668	1,665,682	1992P	No	1,640,580
Germany	3,532,669	0	3,532,669	2018P	Yes	0
Ghana	16,872	0	16,872	2018P	Yes	0
Grenada	20,049	0	20,049	1999P	No	18,160
Guatemala	23,366	0	23,366	2018P	Yes	0
Guinea	8,811	0	8,811	2012P	No	5,550
Guinea-Bissau	127,714	7	127,721	1988	No	125,830
Guyana	2,804	0	2,804	2016P	Yes	0
Haiti	2,766	0	2,766	2018P	Yes	0
Honduras	62,447	0	62,447	2011P	No	35,980
Hungary	0	0	0	-	Yes	0
India	721,086	0	721,086	2018P	Yes	0
Indonesia	537,242	0	537,242	2018P	Yes	0
Iran (islamic Republic of)	734,228	0	734,228	2017P	Yes	0
Iraq	144,956	0	144,956	2018P	Yes	0
Ireland	0	0	0	-	Yes	0
Israel	0	0	0	-	Yes	0
Italy	4,186,486	0	4,186,486	2018P	Yes	0
Jamaica	61,837	0	61,837	2013P	No	27,180
Japan	10,679,392	0	10,679,392	2018P	Yes	0
Jordan	18,560	0	18,560	2018P	Yes	0
Kazakhstan	210,157	0	210,157	2018P	Yes	0
Kenya	34,880	0	34,880	2016P	Yes	0
Kiribati	2,048	74	2,122	2016	No	230
Kuwait	1,411	0	1,411	2018P	Yes	0
Kyrgyzstan	230,374	0	230,374	1995P	Yes	Payment Plan
Lao People's Democratic Republic	1,230	0	1,230	2018P	Yes	0
Lebanon	45,048	0	45,048	2018P	Yes	0
Lesotho	1,672	0	1,672	2016P	Yes	0
Liberia	0	0	0	-	Yes	0
Libya	734,432	0	734,432	2014P	No	267,060
Luxembourg	0	0	0	-	Yes	0
Madagascar	5,837	0	5,837	2017P	Yes	0
Malawi	10,080	0	10,080	2014P	No	4,090
Malaysia	314,163	0	314,163	2018P	Yes	0
Maldives	6,652	58	6,710	2011P	No	3,450
Mali	0	0	0	-	Yes	0
Malta	0	0	0	-	Yes	0
Marshall Islands	684	0	684	2018	Yes	0
Mauritania	2,480	0	2,480	2017P	Yes	0
Mauritius	0	0	0	-	Yes	0
Mexico	2,285,432	0	2,285,432	2017P	Yes	0
Monaco	11,397	0	11,397	2018P	Yes	0

Member State	*Outstanding assessed contributions*	*WCF due*	*Total due*	*Years outstanding (since)*	*Voting rights[a]*	*Minimum payment to gain voting rights*
Mongolia	5,468	223	5,691	2018	Yes	0
Montenegro	0	0	0	-	Yes	0
Morocco	0	0	0	-	Yes	0
Mozambique	7,282	0	7,282	2017P	Yes	0
Myanmar	5,390	0	5,390	2018P	Yes	0
Namibia	0	0	0	-	Yes	0
Nepal	5,638	0	5,638	2018P	Yes	0
Netherlands	0	0	0	-	Yes	0
Nicaragua	2,668	0	2,668	2018P	Yes	0
Niger	59,363	0	59,363	1995P	No	53,370
Nigeria	347,023	0	347,023	2016P	Yes	0
Norway	0	0	0	-	Yes	0
Oman	110,076	0	110,076	2018P	Yes	0
Pakistan	88,891	0	88,891	2018P	Yes	0
Panama	0	0	0	-	Yes	0
Papua New Guinea	58,204	91	58,295	2003P	No	44,110
Paraguay	18,145	0	18,145	2017P	Yes	0
Peru	103,108	0	103,108	2018P	Yes	0
Philippines	189,264	1,262	190,526	2017P	Yes	0
Poland	0	0	0	-	Yes	0
Qatar	283,079	0	283,079	2018P	Yes	0
Republic of Korea	2,325,301	4,899	2,330,200	2018	Yes	0
Republic of Moldova	0	0	0	-	Yes	0
Romania	170,275	0	170,275	2018P	Yes	0
Russian Federation	0	0	0	-	Yes	0
Rwanda	11,088	0	11,088	2012P	No	5,100
Saint Kitts and Nevis	0	0	0	-	Yes	0
Saint Lucia	426	0	426	2018P	Yes	0
Saint Vincent and the Grenadines	121,874	7	121,881	1989P	No	119,990
Samoa	0	0	0	-	Yes	0
Sao Tome and Principe	145,583	7	145,590	1986	No	143,700
Saudi Arabia	1,306,871	34,665	1,341,536	2018P	Yes	0
Senegal	4,177	0	4,177	2018P	Yes	0
Serbia	27,913	0	27,913	2018P	Yes	0
Seychelles	562	0	562	2018P	Yes	0
Sierra Leone	2,383	0	2,383	2015P	No	490
Slovenia	0	0	0	-	Yes	0
Somalia	145,582	7	145,589	1986	No	143,700
South Africa	0	0	0	-	Yes	0
Spain	2,007,891	0	2,007,891	2018P	Yes	0
Sri Lanka	0	0	0	-	Yes	0
Sudan	9,337	0	9,337	2017P	Yes	0
Suriname	28,850	0	28,850	2013P	No	12,620
Swaziland	4,073	0	4,073	2017P	Yes	0
Sweden	0	0	0	-	Yes	0
Switzerland	0	0	0	-	Yes	0
Syrian Arab Republic	18,213	0	18,213	2018P	Yes	0
Tajikistan	42,040	116	42,156	1999P	No	30,740
Thailand	54,083	0	54,083	2018P	Yes	0
The former Yugoslav Republic of Macedonia	72,166	0	72,166	2009P	No	46,380
Timor-Leste	0	0	0	-	Yes	0
Togo	0	0	0	-	Yes	0

Member State	*Outstanding assessed contributions*	*WCF due*	*Total due*	*Years outstanding (since)*	*Voting rights*[a]	*Minimum payment to gain voting rights*
Tonga	1,007	0	1,007	2017P	Yes	0
Trinidad and Tobago	72,863	0	72,863	2017P	Yes	0
Tunisia	39,710	0	39,710	2017P	Yes	0
Turkey	0	0	0	-	Yes	0
Turkmenistan	79,806	0	79,806	2015P	No	6,950
Tuvalu	4,874	74	4,948	2012P	No	3,050
Uganda	43,751	0	43,751	2012P	No	23,430
Ukraine	98,311	0	98,311	2018P	Yes	0
United Arab Emirates	688,977	965	689,942	2018P	Yes	0
United Republic of Tanzania	37,232	0	37,232	2013P	No	16,910
Uruguay	82,891	0	82,891	2018P	Yes	0
Uzbekistan	495,142	931	496,073	1998P	No	436,150
Vanuatu	0	0	0	-	Yes	0
Venezuela (Bolivarian Republic of)	3,487,833	0	3,487,833	2013P	No	1,405,590
Viet Nam	60,834	0	60,834	2018P	Yes	0
Yemen	48,213	0	48,213	2011P	No	27,890
Zambia	26,215	0	26,215	2015P	No	5,890
Zimbabwe	11,987	0	11,987	2014P	No	3,260
Subtotal:	**64,345,602**	**388,620**	**64,734,222**			**6,530,290**
Yugoslavia (former)[b]	2,081,599		2,081,599	1990(P)-2001		
Non-Member						
United States of America[c]	69,068,887		69,068,887	1994(P)-1996		
TOTAL	**135,496,088**	**388,620**	**135,884,708**			**6,530,290**

Notes: (P) refers to partial payment

[a] Voting rights of 43 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

[b] Outstanding contributions to be resolved (General Assembly resolution 63/249).

[c] Member State of UNIDO until 31 December 1996.

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